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RUEHBJ/AMEMBASSY BEIJING 2404  
RUEHBY/AMEMBASSY CANBERRA 2283  
RUEHKA/AMEMBASSY DHAKA 5314  
RUEHLO/AMEMBASSY LONDON 2233  
RUEHNE/AMEMBASSY NEW DELHI 5744  
RUEHUL/AMEMBASSY SEOUL 9348  
RUEHTC/AMEMBASSY THE HAGUE 0860  
RUEHKO/AMEMBASSY TOKYO 6932  
RUEHCN/AMCONSUL CHENGDU 1907  
RUEHCHI/AMCONSUL CHIANG MAI 2336  
RUEHCI/AMCONSUL KOLKATA 0748  
RHHMUNA/CDR USPACOM HONOLULU HI  
RUEKJCS/JOINT STAFF WASHDC  
RUCNDT/USMISSION USUN NEW YORK 2717  
RUEHGV/USMISSION GENEVA 4679  
RUEATRS/DEPT OF TREASURY WASHDC  
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C O N F I D E N T I A L SECTION 01 OF 04 RANGOON 000644

SIPDIS

STATE FOR EAP/MLS, INR/EAP,  
PACOM FOR FPA

E.O. 12958: DECL: 06/25/2019

TAGS: [ECON](#) [EFIN](#) [ETRD](#) [PREL](#) [PGOV](#) [PINR](#) [BM](#)

SUBJECT: BURMESE BUSINESSMAN ON GOB-U.S. RELATIONS, ETHNIC  
CONFLICT, AND 2010 ELECTIONS

REF: RANGOON 526

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Classified By: CDA Larry Dinger for Reasons 1.4 (b and d).

Summary  
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11. (C) A well-connected Burmese businessman has conveyed informally to the Charge that the GOB is strongly interested in better relations with the USG, mainly to buffer Chinese dominance. Senior figures in Nay Pyi Taw reportedly told the businessman that the GOB does not expect sanctions relief in the short term, but does hope for an upgrade of COMs to ambassador, an exchange of high-level visits, and an opening for children of leaders to study in the U.S. The businessman says Burmese leaders "can't stand" Aung San Suu Kyi (ASSK) and will not permit her to take a meaningful political role. Part of the explanation is personal animosity, part is a belief that the Burmese union remains fragile and requires military-dominated government to counter armed ethnic-group threats. The source said many in the business community, including himself, prefer not to run in the 2010 elections, and Than Shwe is avoiding a direct role in management of the electoral process. We note a likely disconnect between the GOB aspiration for an improved bilateral relationship and the GOB's unwillingness to contemplate important political reforms. End summary.

A well-connected Burmese businessman  
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12. (C) Khin Maung Win runs a construction company, MSP Limited, that sub-contracts much of its business from the GOB

and/or GOB cronies. The company has worked on big hydroelectric dam projects and road construction. Khin Maung Win has established solid relationships with a number of senior GOB officials, especially in the Ministries that deal with electrical power and construction, but also with Minister (Tripartite Core Group Chair and head of Civil Service) Kyaw Thu and several well-placed military general officers. Caterpillar's Indian subsidiary that does business in Burma is consulting with Khin Maung Win about his taking a lead role in the subsidiary's Burma operations. (See reftel re Caterpillar's intentions.) Khin Maung Win participated in a strategy session with several businessman friends who later met privately with Senator Webb during his August visit to Rangoon. Recently, Khin Maung Win visited Nay Pyi Taw, in part to inform friends there of his likely new relationship with Caterpillar.

GOB serious about improved relations with the USG  
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13. (C) On September 19th during a social interaction with the Charge, Khin Maung Win related elements of his Nay Pyi Taw (NPT) conversations. He was a bit oblique about sourcing, though Minister Kyaw Thu was clearly one of those who revealed that the GOB is strongly interested in building a new relationship with the USG. Khin Maung Win gave the impression his NPT contacts, aware of his social relationship with the Charge, wanted to pass a message discretely that the GOB doesn't expect changes in the USG sanctions regime anytime soon; but senior levels hope for positive signals from Washington in response to three matters reportedly raised in recent weeks: desires to 1) upgrade COMs to

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ambassador rank; 2) have high-level visits; and 3) get permission for the children for senior GOB officials to study in the U.S. (Note: Khin Maung Win had the impression that the three issues had arisen during Senator Webb's August visit. To our knowledge, the GOB did not raise the subject of U.S. education for the generals' children with Senator Webb, and high-level interactions were raised only when PM Thein Sein recalled long-ago visits and noted the usefulness of direct contact. End note.) Khin Maung Win conveyed the same message about the GOB's desire for improved relations, including the appointment of an ambassador, in a separate meeting with P/E Chief and Econoff September 21.

Why the interest in better ties? China  
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14. (C) Asked his view of why the GOB is anxious for a better relationship with the U.S., Khin Maung Win said with assurance: China. The senior GOB leadership really dislikes being too heavily dependent on one dominating neighbor and hopes the U.S. can be a buffer.

Senior Generals "can't stand" ASSK; no possible meaningful role  
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15. (C) The Charge noted that results of the USG policy review are yet to be announced; but he predicted that, even if engagement becomes a visible goal, the U.S. will continue to stress the importance of political reform and the release of political prisoners, with the status of ASSK an important element. Khin Maung Win reiterated past suggestions that, from his conversations, it is clear GOB leaders will simply not accept ASSK having any leading role in Burmese politics. "They can't stand her." In explanation, Khin Maung Win mentioned innuendo about ASSK's sexual history that circulates constantly at the highest levels in NPT, in addition to political considerations. Khin Maung Win added his firm impression that "nobody in the elites," including in the business community, "would support her." At most, the senior leadership might allow ASSK to have some sort of "parallel" role, but with no actual political say in

governance. Khin Maung Win said 46 people run Burma: the six remaining members of the SPDC plus the top 40 military officers in key roles as regional commanders, ministers, etc. Khin Maung Win reported that many of his NPT friends "hate" Than Shwe and would gladly see him fall; however, none would accept having ASSK lead them.

Ethnic group threats require Army control; weeding out Kokang  
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¶6. (C) In Khin Maung Win's view, ethnic groups -- many of them still armed and dangerous -- pose a major threat to the country's stability. The ethnic players necessitate the Burma Army remaining in control. Turning to the recent military action against the Kokang in Northeastern Burma, Khin Maung Win reported that GOB security services have raided many Kokang-owned houses in Rangoon, including at least two villas in the luxury Pun Hlaing golf community. The raiders were looking for arms or drugs but reportedly found only cash, gold, etc. Khin Maung Win observed that Stephen Law, a chief crony of the senior generals is an ethnic Kokang. Law's father, Lo Hsing Han, was one of the key Kokang leaders who agreed to the first of the regime

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ceasefires with ethnic groups in the late 1980s. That agreement bought the Kokang 20 years of special treatment, now over. (Note: Lo Hsing Han is a notorious drug lord. End note.)

¶7. (C) With the Kokang currently neutralized, there has been a great deal of speculation in Rangoon whether Burma Army forces will move against the United Wa State Army (UWSA). The UWSA remains opposed to the GOB's planned creation of a border guard force comprised of former insurgents under the command of Burma Army officers. In the September 21 conversation, Khin Maung Win said his Burmese Army contacts in Shan State are expressing increased belligerence toward the Wa and seem eager to pursue a confrontation with the UWSA. The Burma Army has tasked certain officers in each battalion with keeping rank-and-file soldiers from provoking an attack.

Cronies and 2010 elections  
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¶8. (C) Khin Maung Win reported that the GOB is struggling to figure out how to use business cronies during the 2010 elections. The GOB realizes visibly involving the major cronies would not be palatable to the public; but crony economic resources are essential for the election effort. Government representatives suggested over a year ago that Khin Maung Win participate in the elections; but, in a joking reference to a constitutional provision which has been interpreted as possibly barring those with foreign spouses from holding a parliamentary seat, Khin Maung Win rebuffed the invitation by noting his wife is a foreigner. (She was born in Malaysia and raised in Singapore.) Khin Maung Win does not appear interested in a political role in the near term and assesses that many of his business colleagues also prefer to avoid having to run for office.

¶9. (C) Khin Maung Win reports that Senior General Than Shwe has distanced himself from involvement in planning or other operational details related to the 2010 elections, and thus far has completely ceded operational control over the elections to the United Solidarity Development Association (USDA), the GOB's mass mobilization organization. Khin Maung Win speculated the arrangement would allow Than Shwe and other senior generals to hold the USDA leadership responsible for any unpalatable developments associated with the elections.

Comment  
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¶10. (C) Senior figures in NPT appear to have encouraged Khin Maung Win to raise bilateral engagement in an informal setting with the Charge. The mention of regime leaders' desire for their children to access U.S. schooling accents that targeted sanctions really do irritate. The observations about the senior generals' disdain for ASSK and their focus on preserving national unity strike us as accurate depictions of their views and suggest that the GOB interest in improved relations is unlikely to reflect an equivalent interest in making significant political reforms.

¶11. (C) As a businessman always looking for opportunities, including via Caterpillar, Khin Maung Win dislikes economic sanctions. His regime-oriented, anti-ASSK perspective on

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politics is indicative of a number of private-sector beneficiaries of the current system who fear "instability" in a more democratic environment. We expect many, especially the poor and disenfranchised, have a very different perspective.

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